

**MINUTES**  
**ORLANDO UTILITIES COMMISSION**  
**JULY 14, 2009**  
**2:23 P.M.**

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**Present:**

**COMMISSIONERS:**

Katie Porta, President  
Dan Kirby, Second Vice President  
Craig McAllaster, Commissioner  
Mayor Buddy Dyer

Kenneth P. Ksionek, General Manager & Chief Executive Officer  
Jan Aspuru, Clint Bullock, Alvin Frazier, Roseann Harrington, Byron Knibbs,  
Denise Stalls, Vice Presidents  
John Hearn, Vice President & Chief Financial Officer  
Gregory T. Rodeghier, Vice President & Chief Information Officer  
W. Christopher Browder, Vice President & General Counsel  
Beth Mason, Recording Secretary

President Porta asked Alandus Sims to give the invocation, followed by the Pledge of Allegiance to the Flag. The Commission Meeting was called to order at 2:23 P.M., immediately following the Public Budget Workshop that commenced at 2:05 p.m.

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Byron Knibbs presented a 25-year Service Award to Jody Rodgers, Line Supervisor, Energy Delivery Business Unit.

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On motion by Commissioner Kirby, seconded by Commissioner McAllaster, and unanimously carried, the reading of the minutes of the June 9, 2009 Commission Meeting was waived and the minutes were approved as amended.

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Ken Ksionek asked Greg Rodeghier to discuss Affirmative Item A-20 regarding the Data Center Facility Construction Project at the City of Orlando's Emergency Operation Center. Mr. Rodeghier explained that currently OUC has two data center sites for processing and storage of voice, data and application systems. OUC's primary site is located at the Pershing Operations Building (POB), with

the City of Orlando Emergency Operations Center (EOC) serving as a secondary processing site. Initially, the POB system served as a primary processing site and the EOC system served as a small disaster recovery center. As OUC's automation increased, the EOC system has transformed into a primary dual processing site. Currently, the EOC no longer has the power or cooling capacity required to support OUC's computer processing requirements. The City of Orlando has agreed to lease additional space to OUC to meet future computer processing needs, contingent upon OUC's construction of a self contained data center within the EOC building

Commissioner McAllaster clarified whether this is a new building, or if OUC is just modifying existing space. Mr. Rodeghier confirmed that it would be a modification of the existing space.

President Porta presented the Affirmative Items for approval. On motion by Mayor Dyer, and seconded by Commissioner Kirby, the Affirmative Items were approved as follows:

1. Ratification of fuel procurements to the low bidders in April and May 2009 in the aggregate amount of \$3,562,739.69 as follows:

**NATURAL GAS PURCHASES:**

Apr. 2009	BG Energy Merchants, LLC	\$ 316,201.12
Apr. 2009	BP Energy Company	\$ 293,300.95
Apr. 2009	Chevron Natural Gas	\$ 117,270.97
Apr. 2009	Eagle Energy	\$ 180,305.82
Apr. 2009	Infinite Energy	\$ 620,356.83
Apr. 2009	Louis Dreyfus Energy	\$ 387,821.98
Apr. 2009	National Fuel Marketing	\$ 292,977.66
Apr. 2009	Rainbow Energy	\$ 291,206.13
Apr. 2009	Shell Energy	\$ 366,578.18
Apr. 2009	Virginia Power Energy Marketing, Inc.	\$ 517,631.05

**NO. 6 FUEL OIL PURCHASES:**

May 2009	TransMontaigne Product Services Inc.	\$ 179,089.00
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2. Ratification of Bid #2753 – Contract award to GATX Corporation for a three-year contract to lease 110 coal railcars at a total cost not to exceed \$407,550, subject to final OUC legal review;
3. Approval of a sole source Purchase Order to Siemens Energy, Inc. to provide Low Pressure Turbine Row L-0 stationary vanes for the Stanton Energy Center Unit 1 Turbine-Generator Overhaul in the amount of \$146,885;
4. Approval of Change Order No. 5 to Brock Specialty Services, Ltd. for the fifth and final year funding of contract labor services for the Power Resources Business Unit in the amount of \$2,335,939, increasing the total Purchase Order amount to \$17,348,273;

5. Approval of Bid #2490 – Contract award to The Saxon Group, Inc., the lowest, most responsive and responsible bidder, for electrical construction services for installation of the new auxiliary transformers in an amount not to exceed \$1,500,000, which is required for the Stanton Energy Center Auxiliary Electric System Upgrade Project;
6. Approval of Bid #2602 – Contract award to Southeastern Mechanical Services, Inc. the lowest, most responsive and responsible bidder, to perform the Stanton Energy Center Unit 2 Steam Generator Inspection and Repair Services in the amount of \$3,061,680;
7. Approval of Bid #2722 – Contract award to Southeastern Mechanical Services, Inc. the lowest, most responsive and responsible bidder, to replace the Indian River Combustion Turbine A and B Cooling Water Module Ductwork in an amount not to exceed \$115,000;
8. Approval of the Lighting Construction Estimate for Narcoosee Community School in the amount of \$176,214.97; which includes \$95,420.23 for lighting equipment from OUC's stock inventory, a check request in the amount of \$16,000.00 to The School District of Osceola County for the purchase of nineteen existing poles and \$64,794.74 for the installation of the new poles and fixtures by Terry's Electric, Inc;
9. Approval of the Electric Distribution Construction Estimate for the upgrade of the underground electric distribution system that serves the Bryn Mawr Subdivision, located on Ashford Boulevard in the Orlando service territory in the amount of \$146,940.35;
10. Approval of the Electric Distribution Construction Estimate for the upgrade of the underground electric distribution system to serve the Orlando International Airport Switchsite No. 4 in the amount of \$108,709.89;
11. Approval of the Electric Distribution Construction Estimate for the installation of underground feeder cables for Circuit Nos. 32-31, 32-32 and 32-33 in the Orlando service territory in the amount of \$350,498.78;
12. Approval of the Electric Distribution Construction Estimate for the upgrade of the overhead electric distribution system to serve Emerald Lakes Subdivision, located north of Ames Haven Road in the St. Cloud service territory in the amount of \$389,763.27;
13. Approval of the Electric Distribution Construction Estimate for the upgrade of the overhead electric distribution system for Circuit No. 9-11, Phase 2 of 7, located in the Orlando service territory in the amount of \$174,068.95;

14. Approval of Change Request No. 1 to the Substation Capital Expenditure Estimate for the engineering, procurement and construction necessary to complete the Southwood Substation Upgrade Project in the amount of \$6,645,000, increasing the total project cost to \$6,700,000. Approval includes Change Order No. 1 to the Purchase Order to Black & Veatch to provide design engineering, permitting and construction management services in an amount not to exceed \$1,620,500, increasing the total Purchase Order amount to \$1,670,500;
15. Approval of Change Order No. 3 to Miner & Miner Consulting Engineers, Inc. for the Geographic Information System ArcFM Utility Middleware Maintenance Contract renewal through August 31, 2012 in the amount of \$99,475.15, increasing the total Purchase Order amount to \$189,117.31;
16. Approval of a Capital Work Order for water distribution improvements for the City of Orlando's Pine Bluff Drainage Improvements Project in an amount not to exceed \$146,021.14;
17. Approval of a Capital Work Order for the water distribution improvements portion of the Sand Lake Road Improvement Project, from Presidents Drive to South Orange Blossom Trail, in the amount of \$2,530,968.19, which includes a Purchase Order to Florida Mall Associates, Ltd. in an amount not to exceed \$1,837,305.00;
18. Approval of Change Order No. 2 to AMJ Equipment Corporation to provide Capital Controls chlorine system replacement parts through August 2011 in the amount of \$200,000, increasing the total Purchase Order amount to \$295,000;
19. Approval of a Capital Expenditure Estimate for the Help Desk Upgrade Project in the amount of \$155,850.50, which includes a Purchase Order to Numara Software, Inc. for software, licenses, data conversion, implementation services and three years of maintenance support for the conversion to Numara Footprints in the amount of \$196,632.95, pending OUC legal review of the contract;
20. Approval of a Capital Expenditure Estimate for the OUC Data Center Facility Construction Project at the City of Orlando Emergency Operations Center in the amount of \$1,125,000;
21. Approval of Change Order No. 1 to Oracle Corporation in the amount of \$177,088.93 for the renewal of the Oracle Database License Maintenance for the period of June 1, 2009 through May 31, 2010, increasing the total Purchase Order amount to \$349,019.93;

22. Approval of Change Order No. 3 to Software House International Corporation for the annual purchase of Microsoft software maintenance, new and upgraded software and licenses through July 31, 2010 in the amount of \$290,804, increasing the total Purchase Order amount to \$1,271,342;
23. Approval of Change Order No. 8 to Veristor, Inc. for annual hardware and software maintenance of OUC's electronic data backup and recovery solution for the period August 15, 2009 through August 14, 2010 in the amount of \$90,182.65, increasing the total Purchase Order amount to \$778,501.69;
24. Approval to increase the IP Telephony Project cost by \$448,760 for capital and five years maintenance for a total cost of \$1,948,170. Approval of a sole source Purchase Order to Siemens Enterprise Communications, Inc. for the purchase of hardware, software and implementation services for the completion of the IP Telephony Project at the OUC Reliable Plaza, as well as implementation of IP Telephony services at all other OUC locations in the amount of \$870,461, and five years of maintenance in the amount of \$503,427, for a total Purchase Order amount of \$1,373,888;
25. Approval of Change Order No. 2 to the IT Business and Technology Staffing Support Purchase Order in the amount of \$1,500,000, increasing the total Purchase Order amount to \$4,000,000;
26. Approval of a five-year extension to the Alliance Agreement with Trane U.S. Inc., pending final OUC legal review, and approval of a Purchase Order to Trane U.S. Inc. to provide HVAC maintenance services for various OUC facilities for a five-year period in the amount of \$2,091,995;
27. Approval of Change Request No. 1 to the Capital Expenditure Estimate for the construction of three storage structures at the Pershing facility in accordance with OUC's storage lease agreement with WESCO in the amount of \$178,559.11, increasing the total project cost to \$786,546.65;
28. Approval of Change Order No. 4 to Orange County Utilities Solid Waste Division for solid waste disposal services for the remainder of the first renewal option year and to exercise the second one-year renewal option commencing September 1, 2009 at a cost of \$90,000, increasing the total Purchase Order amount to \$395,000;
29. Approval of Change Order No. 2 to TM-Econ Mitigation Bank to purchase 8.24 mitigation credits in the amount of \$493,576, increasing the total Purchase Order amount to \$2,118,576;

30. Approval of a Purchase Order to Ferguson Enterprises, Inc. to direct purchase the pipe, fittings and valves for the Downtown West Central Chilled Water Plant in the amount of \$172,308.52; and
31. Approval of Change Order No. 2 to O2 Pictures, Inc. to extend its contract through November 30, 2009 to provide eight additional water-themed conservation television spots in the amount of \$130,000, increasing the total Purchase Order amount to \$310,000.

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President Porta reported that a Finance Committee meeting was held on June 25, 2009 to review monthly reports, financing transactions and recommended policy changes. President Porta stated that the Series 2009B refunding bonds were priced on May 20, 2009. OUC was able to lock into a low yield of 0.45% for the \$198 million, one-year demand obligation and 4.8% true interest cost for the \$114 million long-term portion of the deal.

As part of an annual review and in response to an Internal Audit recommendation, the Finance Committee also reviewed the Investment and Derivative Policies, as well as the internal controls related to the Investment Policy. Minor changes were made to the policies and the Finance Committee recommends approval of the changes.

On motion by Commissioner McAllaster and seconded by Commissioner Kirby, the Investment and Derivative Policy changes were adopted as recommended by the Finance Committee.

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Mr. Hearn reported that electric revenues are on target with the budget, even with the downturn in the economy. Water revenues are trailing the budget due to the excessive rain. Expenditures for the month exceeded budget, but year-to-date we are still under budget.

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Chris Browder reported on the Demco, Inc. litigation regarding work performed on the brine concentrators located at the Stanton Energy Center. While Demco, Inc. was cleaning the brine concentrators on April 15, 2008, a fire occurred. As a result, OUC incurred approximately \$423,000 in damages. Contractually, OUC is entitled to recover the costs from Demco, Inc. As of this date, neither Demco, Inc. nor their insurance carrier, AIG, has made any effort to pay these costs. Therefore, OUC has filed suit against Demco, Inc. for negligence.

Commissioner McAllaster asked if they are contending OUC had any liability.

Mr. Browder stated that AIG, Demco's insurance carrier, implied that OUC is 50 percent responsible and offered to pay one half of the OUC claim amount. Mr. Browder stated he believes this is a negotiating position taken by AIG to reduce its payout to OUC.

Ken Ksionek asked Keith Mutters to report on OUC's plan to submit an application to the U.S. Department of Energy's (DOE) Smart Grid Investment Grant. Mr. Ksionek stated that Smart Grid is a very generic and broad topic that encompasses new and existing technologies, communications, equipment and solutions, from generating power to the retail customer. Mr. Mutters went on to explain some of the Smart Grid characteristics, which will enable informed participation by consumers. It will accommodate all types of central and distributed electric generation and storage options, enable new products, services and markets. Smart Grid will also provide power quality for a range of consumer needs and optimize asset utilization and operating efficiency of the electric power system. Smart Grid would also anticipate and respond to system disturbances and operate resiliently to attacks and natural disasters. OUC plans to submit a DOE application for \$32 million, of which OUC would provide 50 percent of the cost. The funds will be spent on additional electric Smart Meters in the Orlando and St. Cloud service territories. OUC's system currently operates 28,000 electric and 2,000 water Smart Meters. OUC would also expand the information and communication systems to utilize customer distribution system and transmission system data. Mr. Mutters stated that this would improve OUC's system reliability, efficiency and customer service. In addition, it would provide necessary information to customers to assist in energy conservation and cost reduction. A non-binding letter of intent is due by July 16, 2009. The application deadline is August 6, 2009, with a project award announcement within 90 days.

President Porta asked why the DOE would accept OUC's application over other applications and what makes OUC unique. Mr. Mutters responded that an underlying part of the DOE funding is for research, development and experimentation. Mr. Mutters went on to explain that OUC is one of the most reliable utility companies and the funding could be used to improve that aspect.

President Porta also asked what type of influence is being used to obtain grants and other funding. Mr. Browder stated that OUC is a member of the American Public Power Association (APPA) and the Large Public Power Council (LPPC), which enables us to receive the benefit of lobbying efforts by those organizations as part of our membership. Additionally, Mr. Browder stated that OUC engages Michael Nolan as a lobbyist in Washington, D.C. and Bill Peoples and Larry Gonzales as lobbyists in Tallahassee. Mr. Browder also commented that OUC is currently in the process of replacing Thomas Tart as a point of contact to gather all the information into a manageable source.

President Porta commented that while attending a meeting with Congresswoman Corrine Brown's associates, it was indicated she would

support stimulus projects. However, she would require sufficient time to review the projects. Senators Nelson and Martinez would also support stimulus projects and also needed to be provided sufficient time to provide support of the application.

Mayor Dyer commented that there are a lot of new rules, regulations, red tape and competitiveness and there is a lot of uncertainty with the process.

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Mr. Ksionek asked Jan Aspuru to report on the U.S. Department of Energy's (DOE) project to study the use of algae for carbon capture and water treatment as a renewable fuel. Mr. Aspuru stated that this project will be in partnership with five other companies including Science Applications International Corporation (SAIC) and two local companies - Miller, Sullen, Connor and Walsh and AquaFiber Technologies Corporation. Under the proposal, the DOE will provide about 80 percent of the funding for the \$29 million project. This project intends to promote algae based solutions for carbon capture, water treatment and use as a renewable fuel. A bio-refinery will be located in Groveland, Florida where the algae will be refined to create renewable transportation fuels. A one-acre site at the Stanton Energy Center will be established to test the viability of algae as a method of capturing and sequestering carbon dioxide gas from the coal fired generation units. OUC's contribution to this project is approximately \$360,000. Most of OUC's contribution will be for in-kind services, such as providing the one-acre site at the Stanton Energy Center, project support and electricity at the site to power algae tank lighting. The application was submitted to the DOE on June 30, 2009. The DOE will notify the selected applicants by December 2009 to be followed by a contract negotiation period to extend through September 2010.

Commissioner Kirby asked what OUC would gain from this project and whether similar efforts were going on in the United States. Mr. Aspuru responded that based on contract negotiations with AquaFiber and SAIC, OUC's position would be to retain the right to the technology with no royalty fee, or a minimal royalty fee, to implement the technology at our site. There are a number of algae research efforts going on in the United States.

Commissioner McAllaster stated that the carbon capture and bio-mass are two issues that will assist OUC's green initiatives.

Mayor Dyer commented that the local company participation with this potentially revolutionary project will provide a great opportunity at a nominal cost.

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Mr. Ksionek asked Chris Browder to report on the American Clean Energy and Security Act of 2009, also known as the Waxman-Markey bill. Mr. Browder reported that the bill was approved in the House of Representatives but still has



not been approved in the Senate. The bill uses 2005 as a benchmark year for greenhouse gas emissions. As currently written, the bill would reduce greenhouse gas emissions to 17 percent of the 2005 levels by 2050. The bill also would include a phased-in cap-and-trade system.

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Commissioner McAllaster commented on OUC's reliability and the staff efforts on cutting costs and that he appreciates OUC's utilization of smart and local vendors. He wants OUC to continue to look for new technology that will provide value to its customers and to support local business.

Mr. Ksionek commented on how development companies are approaching OUC to host the advancement of their technologies, which speaks loudly about OUC's 85-year reputation.

Mayor Dyer stated that he is pleased that rates were not increased.

President Porta agreed with Mayor Dyer regarding no increases in rates and stated that the new projects presented today indicates that OUC is always looking for ways to improve and remain reliable.

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Mayor Dyer moved to adjourn the meeting. Commissioner McAllaster seconded the motion and President Porta adjourned the meeting at 2:20 P.M.

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President

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Secretary